



Office Memorandum

Date: July 18, 2003

To: Property Owners / Management Agents

From: Minnesota Housing Finance Agency (MHFA)
Multifamily Division
HUD Portfolio – Section 8 Contract Administration
MHFA Portfolio – Section 8 Contract Administration

Subject: **Market Rate / Section 8 Subsidy Change – Reminder of correct procedure**

IF YOU ARE NOT THE PERSON IN YOUR ORGANIZATION WHO WORKS WITH THIS PROCESS, PLEASE GIVE THIS INFORMATION TO THE APPROPRIATE STAFF IMMEDIATELY.

Some sites continue to incorrectly report changes in subsidy and submit them via TRACS. You must complete your certifications as outlined below. Failure to do so does cause a Fatal Error in your file coming into the MHFA System, and will not be reported on the voucher until you correct it. This Fatal Error will cause the voucher to be incorrect, which will require more work from you to correct it in the future.

MARKET RATE /SECTION 8 CHANGING SUBSIDY

Market Rate to Section 8 - When a tenant goes from Market Rate to Section 8, you must send an Initial Certification (IC) through TRACS placing the tenant onto Section 8 assistance. When there is a change in Subsidy, the next Annual Recertification (AR) date will be the effective date of the IC. You must change the status of the AR date before sending this IC in order to properly update the TRACS system.

Example - A tenant is placed at Market Rate 7-1-02 and goes back on Section 8 10-1-02.

- Send a Term-Ineligible (TI) in on 7-1-02 placing the tenant at Market Rate.
- Send a 10-1-02 IC through TRACS placing the tenant back on assistance.
- This will change the status to Last Annual date 10-1-02 and Next Annual date 10-1-03.

Section 8 to Market Rate - When a tenant is receiving Section 8 assistance and they go to Market Rate, send a TI taking the tenant off assistance.

If you have any questions, please contact your Voucher contact person at MHFA.